

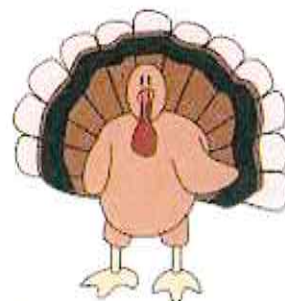


Sugar
City

NOVEMBER 2018

David D. Ogden, Mayor
Wendy McLaughlin, Clerk-Treasurer
Shelley Jones, Deputy Clerk-Treasurer
Arlynn Jacobson, Public Works Director

HAPPY THANKSGIVING!



**** PHOTO CONTEST ****

The city is holding a photo contest. Show us the best of Sugar City and the surrounding areas. Please visit sugarcityidaho.org for details or call city hall. **Prizes will be awarded.**

MADISON COUNTY COMMUNITY CONVERSATION:

Thursday, November 8, 2018, 6 to 8 p.m. at the Madison School District Office, 60 W. Main St. Rexburg. Call 208-522-2674 to RSVP and for more information. Come for a light dinner and discussion about critical needs facing the community. Topics are Health, Education and Financial Stability.

MEDICAID GAP: The City of Sugar City would like to encourage its citizens to become aware of Proposition 2. This relates to Medicaid expansion that would cover the current gap in eligibility. The city does not take a stand on issues such as these, but you can find additional information from a link on our city website: sugarcityidaho.gov.

FALL CLEANUP: Our fall cleanup started on October 15th and finished October 17th. Thank you for your cooperation in this effort. In total, 41 truck-loads were hauled away. If you have items that you need to discard, please note that we have a dumpster on the west side of Silo Park off of North Front & C Street until Nov. 15th. The dumpster will be returned sometime in March. **After the dumpster is removed, no items can be dropped off on the ground at the site. The area is under camera surveillance and there will be fines if found dumping.**

UTILIY RATES: Water rate increases became effective Oct. 1st and will be reflected in this new billing. There will be a slight increase in sewer rates starting Nov. 1st.

HOLIDAY CLOSURES: City Hall will be closed November 12th in observance of Veterans Day and the office will close at noon November 21st through November 23rd in observance of Thanksgiving. Have a wonderful Thanksgiving!

VETERANS DAY: Take time to remember and thank those veterans who have served and defended us so we can live happy and free. There is a Veterans Day Memorial Ceremony at Madison High School Auditorium in Rexburg at 10:00 a.m. on Friday, November 9th. The Mayor will lay a wreath on behalf of Sugar City.

ANNUAL CHRISTMAS TREE LIGHTING: Mark your calendars! The Christmas Tree Lighting ceremony is Monday, December 3rd at Heritage Park at 6 p.m. by the gazebo. Come and enjoy hot cocoa, cookies and Santa Claus. **The city is in need of volunteers to help put up Christmas lights. If you are interested in helping, please call city hall. Thank You!**

STREET LIGHT OUTAGES: To report outages go to: rockymountainpower.net, click "safety & outages" tab, go to "streetlights", "report streetlight outage" and fill out online form and submit.

DOG LICENSE REMINDER: Licenses expire Dec. 31st. Cost is \$15 per year and is pro-rated for new pets. Make sure pets are up to date.

SNOW REMOVAL: Keep cars uncovered from snow and parked back off of roads to eliminate being clipped by the snowplows.

OVERNIGHT PARKING: Reminder of our snow ordinance – no parking on city streets from December 1st through March 1st, between the hours of 12 midnight and 7 a.m.



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MAYOR'S MONTHLY MESSAGE

October 31, 2018

Dear Friends,

As you may remember, a bond was passed in November of 2016 to upgrade our water system, so we would meet Idaho Department of Environmental Quality (IDEQ) standards for public water systems. The first part of that project, the water distribution line, has now been finished. All of the final tests have been done and everything is in order. The good news is the total cost of that line is significantly lower than the amount originally estimated. The original estimate was \$900,000, but the actual cost ended up at approximately \$650,000. We have also opened and awarded the bid for the new water tank, which is the second part of the project, and the amount awarded was \$751,000, which is significantly lower than the original estimate of just over \$1,000,000.

As you can see we have been working hard to keep the cost of the project as low as possible, so your tax dollars are spent wisely. That being said, I also recognize that our water bills have been going up. In an effort to help you understand why, I am providing you with the calculations provided to us by the engineers. These calculations help the city to come up with what the rates need to be in order to meet the city's obligations for the water system.

As you can see on the following chart, the engineer has indicated the total project cost, as estimated back in February of this year, at \$4,189,000. This amount may change as we award the bids for each part of the project, and hopefully will continue to go down. The amount of the Bond that was passed is \$3,700,000. This Bond is financed by the Idaho Department of Environmental Quality, as part of their federal revolving loan fund, and they have guaranteed us a 1.5% per annum loan rate. The semiannual payment, as indicated in the engineer's tables would be \$107,754.61. This would translate to a rate of \$28.92, and when you add \$11.57 to cover debt reserve and savings towards future capital improvements, and \$3.76 for existing debt, you get a total base rate calculation per Equivalent Residential User (ERU) of \$44.25.

The current base rate for the city is \$34 per month per household. The engineer has calculated that it would take an amount of \$45 per household in the city to take care of all of the debt requirements, as well as setting aside approximately 30% for capital improvements over the next 40 years. This means your base rate would increase by \$11 per month.

City of Sugar City	DEQ Loan at (1.5%)
Water System Funding Scenario	
1-Feb-2018	
Transmission Cost	\$ 1,200,000
Well Cost	\$ 1,000,000
Storage Tank Cost	\$ 1,300,000
Engineering Cost	\$ 537,000
Administration & Bonding Costs	\$ 152,000
TOTAL PROJECT COSTS	\$ 4,189,000
Less DEQ Loan (Approved Bond)	\$ 3,700,000
Additional Funds Needed	\$ 489,000
TOTAL FUNDS NEEDED	\$ 4,189,000
Term of DEQ Loan	20 years
Interest Rate of Loan	1.5%
Semi-Annual Payment	\$107,754.61
Number of Current ERUs (Equivalent Residential Units)	621
Monthly Debt Payment per ERU	\$ 28.92
Reserve per Month, 40%, includes 10% debt reserve and 30% capital improvement	\$ 11.57
Existing Debt per ERU for 7 years	\$ 3.76
TOTAL DEBT PAYMENT (Base Rate)	\$ 44.25
Annual O&M Costs	\$ 156,750
Average Flow per ERU Monthly	\$ 21.03
TOTAL AVERAGE MONTHLY CHARGE PER ERU	\$ 65.28
The average annual flow for the City is 165,000,000 gallons, at \$0.95 per thousand gallons it equals \$156,750 divided by the number of ERUs divided by 12 months gives the Average flow per ERU.	

The next amount of \$21.03 per month is to cover operating expenses, and is based on a \$0.95 per thousand gallons used. This is an increase of \$0.05 cents per thousand gallons. Therefore, your new rates will be a base rate of \$45 per month, and a usage rate of \$0.95 cents per thousand gallons used. Since we only have so many users in our small town, the rates have to be spread out to those that are currently here, however, all the new homes and businesses that will or have come to our community will also begin having to pay these same rates, which means they will also pay their fair share.

I have heard that there is some concern over the fact that each of you is also paying for the new developments happening in town. I do understand these concerns, however for example, the developers of Old Farm Estates just recently finished putting in the infrastructure for Division #2. The cost to the developers was over \$1,000,000, and included water and sewer lines, roads, street lights, street signs, and the power to operate them. Once the work is finished they turn all of that infrastructure over to the city without receiving any payment or reimbursement.

In addition to the expense paid for by the developers, each home or other building that is constructed pays fees to the city to connect to those water and sewer lines. These fees are approximately \$6,500 per building connection. If we assume that there will be approximately 133 homes and multi-family units in Divisions No. 1, 2 and 4 (not including #3) of the Old Farm Estates, the amount of income generated would be approximately \$864,500. This is income generated to the city without any cost, since the developers and the property owners have paid for the installation of the infrastructure. This income is used to help pay for future repairs and replacement of that infrastructure.

When this project was first conceived, I heard from several homeowners that were living on small fixed incomes, how this will impact them. I have also been concerned about this, and therefore, I did some research into what other utilities have done to help with this issue. As you may know, the larger utilities provide the opportunity to donate to help those in these situations. The City of Idaho Falls has a program called Project Help that has been very successful at helping the lower income households. I presented this idea to the city council, and two of our city councilmen dismissed the idea as one that was not needed in our community, and so I have been unable to pursue it. However, in working with my city clerk's there have been some who have really struggled to keep current. I am still concerned that we will find that there is in fact a need for a program like this one, and so we are looking for information as to whether or not there is a need. Therefore, if you know of someone that might need this kind of help, please let me know.

I hope that this information helps you understand why we are having to increase the water fees to upgrade the water system. If you do have any questions, please feel free to contact me.

Sincerely,



David D. Ogden
Mayor